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Received  
12/10/03

Energy Branch  
Ethanol working group  
Jan. 13, 2004

Ms. M. Tome  
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I will not be able to make the meeting. Included are my reviews of Stillwater and BBI reports and my comments.

Review of Stillwater Report:  
"Hawaii Ethanol alternatives"

Points of Interest:

1. Stillwater believes Ethanol production is possible in Hawaii
2. Growers, Construction, and Operators will enjoy TAX CREDITS  
Public and Distributors will not or may not.
3. The DRYNESS ISSUE will have a regulatory and legislative impact in the future
4. Stillwater believes and we concur Upgrade and Investment to existing facilities face and uncertain future due to the negativity of the Price Cap Legislature.
5. Stillwater and we believe the public will be paying more for product by USAGE.

Review of BBI Report  
"Economic Impact Assessment for Ethanol Production and Use in Hawaii"

Points of Interest:

1. BBI believes Ethanol Production is possible in Hawaii
2. Economic Impact for:  
Growers  
Construction                      GOOD  
Operators  
  
Public                                  NEGATIVE  
Distributors
3. Potential Risk:  
Dryness Issues for  
Refinery/Supplier to Retail
4. Missing Ingredients;  
Facts, solutions, figurers for other avenues of community needs  
Commercial, Government, Wholesale:
5. BBI believe product will cost more by USAGE also

IT WOULD BE JUST PEACHIE IF THE ABOVE MENTIONED AREA WERE TO EXEMPT FROM THIS LEGISLATION.

**RULEMAKING CONCERNS**

1. Agree with Stillwater REPEAL 486J-10
2. Suggest REPEAL of 486H-A-D
3. REPEAL 486J-9 to prior configurations
4. Adopt Definition for Distributor as define in Ethanol Draft over present definition in present law
5. Add language to say:  
Liability of Mandate "Dryness Issue"  
Refiners, Suppliers, Distributors, Commercial Enterprises, Governments, and the Public;  
A) Starting January 1, 2006, All USERS OF ETHANOL LASED PRODUCTS SUBJECT TO SELF-RESPONSIBILITY FOR THE DRYNESS ISSUE OF THEIR STORAGE AND TRANSPORTATION MODE.
6. HB 1539 Do not help a proposed distributor get involved. Why volunteer to be a distributor?  
The burdens of proof is all on a distributor.

Thanks:

Richard Akana  
Akana Petroleum Inc.